



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

LAND BANK OF THE PHILIPPINES,  
G.R. No. 226650

*Petitioner,* Present:

- versus -

HEIRS OF RENE DIVINAGRACIA, substituted by his heirs, namely: TRANQUILINO RENE, EMORY JUDSON IGNACIO, FELECIANO and GINA, all surnamed DIVINAGRACIA, all represented by TRANQUILINO RENE DIVINAGRACIA and SOFIA DIVINAGRACIA.

PERLAS-BERNABE, S.A.J.,  
HERNANDO,  
INTING,  
DELOS SANTOS, and  
GAERLAN,\* JJ.

Promulgated:

*Respondents.*

08 JUL 2020

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DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> filed by Land Bank of the Philippines (Land Bank) pursuant to Rule 45 of the Rules of Court assailing the Decision<sup>2</sup> dated July 14, 2015 and the Resolution<sup>3</sup> dated August 1, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 03495 that denied Land Bank's Motion for Reconsideration.<sup>4</sup>

\* Designated additional member per Special Order No. 2780 dated May 11, 2020.

<sup>1</sup> *Rollo*, pp. 14-48.

<sup>2</sup> *Id.* at 55-83; penned by Associate Justice Josep Y. Lopez with Associate Justices Pamela Ann Abella Maxino and Gerardo Francisco D. Legaspi, concurring.

<sup>3</sup> *Id.* at 115-118.

<sup>4</sup> *Id.* at 87-112.

*The Antecedents*

Spouses Rene Divinagracia and Sofia Castro (Spouses Divinagracia) are registered owners of an 8.8 hectares of agricultural land covered by the Operation Land Transfer under Presidential Decree No. (PD) 27. Land Bank approved the land transfer claim for compensation of Spouses Divinagracia in the amount of ₱133,200.00, with the land valued at ₱15,000.00 per hectare.<sup>5</sup>

The land transfer claim of Spouses Divinagracia was for the purpose of settling their loan obligation with the Philippine National Bank (PNB), Iloilo Branch in the total amount of ₱134,666.69 whereby a mortgage was constituted upon the herein subject property.<sup>6</sup> However, because there was a disagreement as to the payment order issued by Land Bank in favor of PNB and the delay in its issuance, Spouses Divinagracia wrote a letter-request to Land Bank for a stop payment order and the withdrawal of their land from the coverage of Operation Land Transfer.<sup>7</sup>

The District Officer of the Ministry of Agrarian Reform, Othelo C. Clement, denied the request which prompted Spouses Divinagracia to file a Complaint<sup>8</sup> dated July 19, 1985 before the Regional Trial Court (RTC) for the nullification of the agreement of purchase against Land Bank, and the withdrawal of their property from the coverage of Operation Land Transfer.

Land Bank initially filed a Motion to Dismiss<sup>9</sup> on the ground of lack of jurisdiction asserting that the allegations and reliefs prayed for in the complaint are under the coverage of Operation Land Transfer of the subject land, its compensation, and proceeds. It therefore argued that jurisdiction belongs to the Department of Agrarian Reform pursuant to PD 946 and Executive Order No. 229.<sup>10</sup> However, the RTC denied the motion.<sup>11</sup>

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<sup>5</sup> *Id.* at 56.

<sup>6</sup> *Id.* at 58.

<sup>7</sup> *Id.* at 59.

<sup>8</sup> *Id.* at 209-213.

<sup>9</sup> *Id.* at 152-160.

<sup>10</sup> *Id.* at 157-158.

<sup>11</sup> See Decision dated August 1, 2000 of Branch 29, Regional Trial Court, Iloilo City and penned by Judge Rene B. Honrado, *id.* at 129-151

Thus, in response to the complaint, Land Bank countered that the delay was attributable to herein Spouses Divinagracia for their submission of insufficient/wrong documents; they were duly informed that the actual payment shall be made in three releases, each subject to the submission and accomplishment of the requirements. It further contended that Spouses Divinagracia voluntarily opted to be compensated for their land transfer claim through Land Bank's financing which required compliance with their financing requirements.

*Ruling of the RTC*

On August 1, 2000, Branch 29, RTC, Iloilo City rendered a Decision<sup>12</sup> in Civil Case No. 16620. The dispositive portion of which is cited herein, to wit:

WHEREFORE, judgment is hereby rendered:

1.) Ordering the nullification of the two (2) Deeds of Assignment, Warranties and Undertaking and the Landowners-Tenant Production Agreement and Farmers Undertaking (LTPA-FU) covering the 8.8 hectares of land owned by the plaintiffs covered by TCT No. T-22759 and TCT No. T-22761 and withdrawing the same from the coverage of Operation Land Transfer;

2. Ordering the defendant Land Bank of the Philippines to return to plaintiffs all amortization payments paid by the farmer/beneficiaries with interest of 6% per annum from the amount of P699,326.36 as actual damages plus interest of 6% per annum from the date of finality of this decision until fully paid.

3. Ordering the defendant Land Bank of Philippines to pay plaintiffs, as actual damages, the amount of the total obligation of plaintiffs with PNB less Php134,666.69; P100,000.00 as moral damages; P50,000.00 as exemplary damages and P50,000.00 as Attorneys fees and litigation expenses.

SO ORDERED.<sup>13</sup>

The RTC ruled that the arrangement between Land Bank and Spouses Divinagracia partook of the nature of an agreement of purchase and sale. Further, it held that the delay in the payment of the compensation claim was caused by Land Bank's unreasonable imposition of additional requirements when it was clear that time was of

<sup>12</sup> *Id.* at 129-151; penned by Judge Rene B. Honrado.

<sup>13</sup> *Id.* at 150-151.

the essence considering that the Spouses Divinagracia needed the amount to settle their loan with PNB. Thus, it awarded actual damages in favor of Spouses Divinagracia representing the interest and penalties which increased the amount of the latter's loan with PNB.

In an Order dated March 30, 2005, the RTC denied Land Bank's Motion for Reconsideration. Upon the death of Rene Divinagracia, his heirs namely: Tranquilino Rene, Emory Judson Ignacio, Feleciano and Gina, all surnamed Divinagracia (respondents), filed a Motion for Substitution.<sup>14</sup>

*Ruling of the CA*

On appeal, the CA ruled as follows:

WHEREFORE, the appeal is hereby GRANTED. The assailed Decision of the Regional Trial Court, Branch 29, Iloilo City August 1, 2000 in Civil Case No. 16620 is hereby REVERSED and SET ASIDE. This Court DECLARES:

1. That the Complaint for the Annulment of the Agreement of Purchase and Sale and the Withdrawal of the land from the Operation Land Transfer with Damages is hereby DISMISSED;
2. The defendant-appellant is, however, ORDERED to pay the amount of indebtedness of plaintiffs-appellees in the amount of P133,200.00 that was not paid to PNB and interests that may be imposed thereon;
3. That, on the other hand, the balance of P1,466.69 and interests thereon remains the sole responsibility of the plaintiffs-appellees.

SO ORDERED.<sup>15</sup>

Contrary to the findings of the RTC, the CA ratiocinated that the agreement was not simply for purchase and sale, but an exercise of the state's power of eminent domain thereby making the release of the land from the coverage of the agrarian reform program improper. Nevertheless, it was one with the RTC in declaring that Land Bank's requirement for additional documents from Spouses Divinagracia was unreasonable and violative of the latter's right to just compensation which necessitated payment within a reasonable time from taking. Thus,

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<sup>14</sup> *Id.* at 66.

<sup>15</sup> *Id.* at 82.

it ordered Land Bank to pay PNB the amount of ₱133,200.00 with interests as may be imposed thereon which corresponded to the Spouses Divinagracia's loan obligation to PNB; while the remaining balance of ₱1,466.69 shall be for the sole account of herein respondents.

Aggrieved by the CA's Decision, Land Bank elevated this case to the Court *via* a Petition for Review on *Certiorari* citing as errors the following acts allegedly committed by the CA:

A. WHETHER THE COURT OF APPEALS HAS ACQUIRED APPELLATE JURISDICTION TO MAKE ITS OWN DETERMINATION OF THE CASE[.]

B. WHETHER THE COURT OF APPEALS HAS CORRECTLY APPLIED THE LAW AND JURISPRUDENCE IN ITS DECISION[.]<sup>16</sup>

The lone and primordial issue raised by Land Bank for the Court's adjudication is the jurisdiction of the RTC over the complaint for withdrawal of respondents' land from the coverage of the Operation Land Transfer. Land Bank argues that it is not the trial court, but the Department of Agrarian Reform that has jurisdiction in the implementation of PD 27, and all agrarian reform matters, more particularly as in this case—the recall or cancellation of land ownership award and exclusion from the coverage of PD 27.

#### *Our Ruling*

The petition must fail.

The Court reiterates the findings of the CA that jurisdiction over the complaint for exclusion from the coverage of Operation Land Transfer of the subject property of Spouses Divinagracia belongs to the RTC. The sole question of whether the RTC has jurisdiction in the present action has already been passed upon and resolved by the CA; thus, barred by the principle of the law of the case.

Law of the case is defined as *the opinion delivered on a former appeal*.<sup>17</sup> It means that whatever is once irrevocably established, the

<sup>16</sup> *Id.* at 36.

<sup>17</sup> *Radio Communications of the Phils., Inc. v. CA*, 522 Phil. 267, 273 (2006), citing *Padillo v. Court of Appeals*, 422 Phil. 334, 351 (2001).

controlling legal rule of decision between the same parties in the same case continues to be the law of the case whether correct on general principles or not, so long as the facts on which such decision was predicated continue to be the facts of the case before the court.<sup>18</sup> Nevertheless, the law of the case does not have the finality of *res judicata* as it applies only to the same case; whereas *res judicata* forecloses parties or privies in one case by what has been done in another case.<sup>19</sup> In the principle of the law of the case, the rule made by an appellate court cannot be departed from in subsequent proceedings in the same case.<sup>20</sup>

In *Sps. Sy v. Young*,<sup>21</sup> the principle of the law of the case was rationalized, thus:

The rationale behind this rule is to enable an appellate court to perform its duties satisfactorily and efficiently, which would be impossible if a question, once considered and decided by it, were to be litigated anew in the same case upon any and every subsequent appeal. Without it, there would be endless litigation. Litigants would be free to speculate on changes in the personnel of a court, or on the chance of our rewriting propositions once gravely ruled on solemn argument and handed down as the law of a given case.<sup>22</sup>

Veritably, the Court should not depart from the earlier ruling of the CA which upheld the RTC's jurisdiction over the case. As meticulously discussed in the RTC's Decision, the issue on jurisdiction had already been settled to wit:

The issue of whether the instant case falls within the jurisdiction of the court or of the Ministry (now Department) of Agrarian Reform was the subject of a Petition for Certiorari and Prohibition with Preliminary Injunction or Restraining Order filed by Defendant with the Court of Appeals which denied it in a decision promulgated on November 29, 1991. This decision became final on December 25, 1992 per Entry of Judgment dated May 13, 1992. This decision, therefore, is the Law of the case which renders this issue moot and academic.<sup>23</sup>

Indeed, as correctly observed by the RTC, the CA's disposition that jurisdiction over the subject matter herein belonged to the RTC is

<sup>18</sup> *Id.*

<sup>19</sup> *Sps. Sy v. Young*, 711 Phil. 444, 450 (2013).

<sup>20</sup> *Id.*

<sup>21</sup> 711 Phil. 444 (2013).

<sup>22</sup> *Id.* at 450, citing *Zarate v. Director of Lands*, 39 Phil. 747, 749-750 (1919).

<sup>23</sup> *Rollo*, p. 146.

now the law of the case which should not be disturbed and litigated once more through the instant petition.

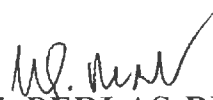
With respect to Land Bank's claim that it should not be held liable to pay the indebtedness of Spouses Divinagracia to PNB because of the dismissal by the CA of the complaint, it should be noted that what was dismissed was the complaint for annulment of the compulsory purchase agreement for the transfer of the subject property to the tenant-farmers and the withdrawal of the land from the coverage of the Operation Land Transfer. Accordingly, the CA upheld the purchase agreements between Spouses Divinagracia and Land Bank which included the concomitant obligation of the latter to directly pay the proceeds of the land transfer claim of Spouses Divinagracia to PNB as earlier agreed upon. Land Bank should be reminded that it rejected the request of Spouses Divinagracia to stop the release of the payment order which the bank itself issued in favor of PNB; while it simultaneously continued to receive amortization payments from the farmer-beneficiaries of the land owned by Spouses Divinagracia. Thus, Land Bank must comply with its obligation to Spouses Divinagracia whose property was subjected under the coverage of the Operation Land Transfer.

**WHEREFORE**, the petition is **DENIED**. The Decision dated July 14, 2015 and the Resolution dated August 1, 2016 of the Court of Appeals in CA-G.R. CV No. 02495 are **AFFIRMED**.

**SO ORDERED.**

  
**HENRY JEAN PAUL B. INTING**  
*Associate Justice*

WE CONCUR:


  
**ESTELA M. PERLAS-BERNABE**  
*Senior Associate Justice*  
*Chairperson*



~~RAMON PAUL L. HERNANDO~~  
*Associate Justice*




**EDGARDO L. DELOS SANTOS**  
*Associate Justice*



**SAMUEL H. GAERLAN**  
*Associate Justice*

**ATTESTATION**

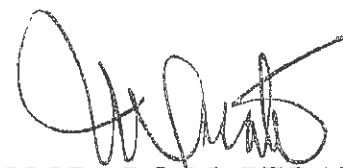
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ESTELA M. PERLAS-BERNABE**  
*Senior Associate Justice*  
*Chairperson*

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**DIOSDADO M. PERALTA**  
*Chief Justice*